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 T H E C O U N C I L

REPORT OF THE GOVERNMENTAL AFFAIRS DIVISION

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COMMITTEE ON STATE AND FEDERAL LEGISLATION

#### Hon. Andrew Cohen, Chair

June 13, 2019

**By: Council Member Cohen**

**S.6324 (Gounardes)**

**A.8138 (Weprin)**

**Preconsidered SLR 4**

**TITLE:** AN ACT to amend the real property tax law, in relation to the determination of adjusted base proportions in special assessing units which are cities.

**BACKGROUND:**

New York State Law requires that the City of New York adopt class shares based on rates calculated by the State Board of Real Property Services (SBRPS) for the purpose of distributing the tax levy among the four classes of real property. This year SBRPS’ class equalization rates would cause the tax burden on property tax class one, comprised of one-, two- and three-family homes, to increase, as it has over the past several years.

The purpose of this bill is provide relief for the residential property tax class one without placing a burden on to class two, which is the other residential tax class. The “uncapped” current base proportions of class one would grow by over 6.3 percent from fiscal year 2019, under SBRPS’ calculations. Currently, State Law provides that the current base proportion of any one class may not exceed the adjusted base proportion for that class from the prior year by more than five percent.

This legislation would adjust that rule, for one year only, to cap the maximum class growth at 0.0 percent for New York City. The effect of this change would be to reduce the amount by which the current base proportions for any class, including class one, is allowed to grow, resulting in citywide savings of about $321 for a typical owner of a class one single family home. Under a cap of 0.0 percent, class two properties will see a decrease in the tax rate, making the rate the lowest it has been since fiscal year 2009. Class three’s rate is expected to increase, by 3.7 percent however, the change only brings that rate back up to a level similar to those from fiscal 2009 through 2013. Class four properties would see a very slight increase in their rate from fiscal 2018 which would keep their rate lower than it had been from fiscal 2015 through fiscal 2017. If this bill does not become law, the New York City Council has to adopt the default SBRPS formula for establishing class shares. The estimated tax rate increase for class one would be over 6 percent, which when coupled with assessment increases would cause significant increases in the tax bills for residential homeowners.

**PROPOSED LEGISLATION:**

Section one of this bill amends subdivision 1 of section 1803-a of the real property tax law by adding a new paragraph (gg) which caps the maximum class growth rate at 0.0 percent for fiscal year 2020.

Section two of this bill holds that in the event that the special assessing unit has sent out real property tax bills for its fiscal year 2020 before this act becomes law, the city of New York will take such as actions as are necessary to effect the provisions of section one of this act.

Section three states that this bill shall take effect immediately.

**FISCAL IMPLICATIONS:**

See Council Finance Division fiscal impact statement.

**EFFECTIVE DATE:**

Immediately